

STATE PATROL

RETIREMENT SYSTEM



NEBRASKA STATE PATROL RETIREMENT SYSTEM

Nebraska Revised Statutes
 §§ 81-2014 through 81-2034

The Nebraska State Patrol Retirement Plan is a Defined Benefit Plan administered by the Public Employees' Retirement Board (PERB) for State Patrol Officers.

Your Defined Benefit Plan, authorized by Internal Revenue Code Section **401(a)**, provides a retirement benefit based on a **formula** as defined in the law. That formula is:

$$\begin{array}{ccccccc} \text{Years of} & & \text{Final} & & \text{Formula} & & \text{Monthly} \\ \text{Creditable} & \times & \text{Average Monthly} & \times & \text{Factor} & = & \text{Benefit} \\ \text{Service} & & \text{Compensation} & & \text{(currently 3\%)} & & \end{array}$$

This booklet provides an overview of the benefits available to members of the Nebraska State Patrol Retirement System and is not intended to be a substitute for retirement education. The provisions of the Nebraska State Patrol Retirement Act in all cases supersede the information we provide in this booklet. If you have questions, write to:

Nebraska Public Employees' Retirement Systems
P.O. Box 94816
Lincoln, Nebraska 68509

or call **402-471-2053** or toll-free **1-800-245-5712**. You may also schedule an appointment to visit us at **1221 N Street, Suite 325**, in downtown Lincoln, or visit our web site at **www.nol.org/home/pers**.

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TABLE OF CONTENTS

MEMBERSHIP	1
CONTRIBUTIONS	1
INTEREST	1
SURVIVOR/BENEFICIARY DESIGNATION	2
BENEFIT STATEMENT	3
ADDRESS CHANGES	3
ACCURAL AND PAYMENT OF YOUR BENEFIT	4
SAMPLE BENEFIT CALCULATION	4
SERVICE CREDIT	5
Military Service	5
Vesting Credit	5
COMPENSATION	6
LEAVING SERVICE BEFORE RETIREMENT	7
Deferral	7
Withdrawal	7
RETIREMENT ELIGIBILITY	8
Normal	8
Early	8
Deferred	8
Mandatory	8
Limitation	9
Federal Law	9
VERIFICATION OF SERVICE AND SALARY	9
RETIREMENT	10
Before You Retire	10
DEATH BENEFITS	11
Before Retirement	11
After Retirement	12
DISABILITY RETIREMENT	12
SPOUSAL PENSION RIGHTS ACT	13
REEMPLOYMENT	14
REPAYMENT OF REFUND	15
PRERETIREMENT PLANNING PROGRAM	16
TAXATION	17
When Receiving a Retirement Benefit	17
When Receiving a Refund of Your Account	17
Income Tax Withholding	18
DIRECT DEPOSIT	18
COST-OF-LIVING (COLA) PROVISION	19
COURT DECISION	19
APPEALS PROCESS	20
EXEMPTION FROM LEGAL PROCESS	20
ADMINISTRATION OF THE RETIREMENT FUND	21
RELEASE OF INFORMATION	22
DEFERRED COMPENSATION PLAN	23
SOCIAL SECURITY BENEFITS	24

MEMBERSHIP

Every sworn officer of the Nebraska State Patrol who is employed on or after September 7, 1947, will be a member of the Nebraska State Patrol Retirement System, *except for* those who were previously Carrier Enforcement Officers and chose (pursuant to § 60-1304) to remain in the State Employees Retirement System.

Upon graduation from the training academy, the State Patrol Office will begin retirement deductions from your pay and furnish a Survivor/Beneficiary Designation Form for your completion.

You will be issued a retirement account number when your first contribution is posted to your account with the Nebraska Public Employees' Retirement Systems (NPERS), also referred to as the "Retirement Office."

CONTRIBUTIONS

As a member of the Nebraska State Patrol Retirement System, you will contribute a percentage of your gross monthly compensation. Effective July 1, 1996, your retirement contribution rate is 11%.

The State of Nebraska contributes an amount equal to your contribution. These contributions are **not** credited to your individual account, but provide funding for a portion your retirement benefit.

INTEREST

Regular interest is posted to your account monthly, and the rate will change on an annual basis.

"Regular interest means interest fixed at a rate equal to the daily treasury yield curve for one-year treasury securities, as published by the Secretary of the Treasury of the United States, that applies on July 1 of each year, which may be credited monthly, quarterly, semiannually, or annually as the board may direct." [§81-2014(10)] Contact NPERS for the current interest rate.

The Nebraska Investment Council invests all assets of the State Patrol Retirement System to provide the money necessary to pay for your retirement benefit. The Investment Council invests in a variety of investment vehicles, including bonds and other fixed investments, and both foreign and domestic equities. The actual earnings made on the retirement plan assets provide funds both for your future benefit and for the interest credited each month to your account. However, the interest credited to your account is determined by law and **not by the earnings from the plan investments.**

SURVIVOR/BENEFICIARY DESIGNATION

The Survivor/Beneficiary Designation Form you complete when you join the system must include the designation of your spouse and children under age 19 for survivorship benefits.

Your survivors are designated by law [§ 81-2026] to receive certain benefits at your death. Each year NPERS will send a Supplemental Registration Form for you to update your survivor listing.

If you have no spouse or children under age 19, you may name other beneficiaries by filing a Beneficiary Designation Form with our office.

It is important to inform NPERS of any beneficiary changes to ensure benefits are paid promptly and properly. (See "Death Benefits" for more details.)

BENEFIT STATEMENT

Each year, in the fall, NPERS will send you a Benefit Statement. This statement will provide information on your account, including how your retirement benefit will be calculated, total reported years of service, as well as your member contributions and the accumulated interest on your contributions.

To insure you receive your annual statement, always inform NPERS in writing or by telephone whenever your address changes.

Employer contributions are used for funding the retirement annuity and are not part of your individual account. Therefore, they do not appear on the statement.

Until you are paid your benefit, all retirement plan assets are held by NPERS in trust. Money held by the retirement plan is immune from execution, garnishment, attachment, the operation of bankruptcy or insolvency laws or any other process of law. The assets cannot be paid out because of any legal actions (except through a qualified domestic relations order in a divorce case). In addition, you cannot use your retirement plan assets as loan collateral since they are not assignable. There are only two means by which your retirement plan assets can be paid to anyone but you:

- ◆ through a qualified domestic relations order under the Spousal Pension Rights Act
- ◆ through an IRS tax lien.

ADDRESS CHANGES

Please keep NPERS advised of any address changes. It is especially important to keep your address current when you defer your account or retire.

ACCRUAL AND PAYMENT OF YOUR BENEFIT

Each year you work for the Nebraska State Patrol, you earn additional benefits in the Retirement Plan. The statutory benefit you earn is calculated by a formula that multiplies your total years of creditable service, by the average of your three highest 12-month periods of salary, by the formula factor set by law (currently 3%). The maximum benefit is 75% of final average monthly compensation.

This section of the book gives you details on the components in the formula, the retirement process, and other aspects of the plan.

SAMPLE BENEFIT CALCULATION

If you retire at age 55 with 20 years of service with the State Patrol, and your three highest 12-month periods of salary are \$30,000 each, your monthly retirement benefit will be calculated as follows:

$$\begin{array}{rcll} \$ 30,000 & & & \\ 30,000 & \$90,000 \div 36 \text{ months} & = & \$2,500 \text{ final average} \\ 30,000 & & & \text{monthly compensation} \\ \$ 90,000 & & & \end{array}$$

$$\$2,500 \times 20 \text{ years} \times 3\% ** = \$1,500 \text{ monthly benefit}$$

At age 52, the benefit reduction would be the lesser of the following:

- a) $\$1,500 \times \frac{5}{9} \text{ths of } 1\% \times 36 \text{ months} = \300 reduction
(months your age precedes 55)
- OR
- b) $\$1,500 \times \frac{5}{9} \text{ths of } 1\% \times 60 \text{ months} = \500 reduction
(service precedes 25 years)

In the previous example your benefit would be \$1,200 (\$1,500 - 300).

The **maximum benefit** payment is 75% of final average monthly compensation, which you would reach after 25 years of service provided you are at least age 50 when you apply for benefits.

NOTE: The sample benefit calculation does not estimate the additional salary you may receive due to payment of unused annual and sick leave. If you were hired before January 4, 1979, this amount will be included in your final salary.

****** You must be employed on or after July 10, 1990, to qualify for the 3% formula factor.

SERVICE CREDIT

Credit is earned for service as a permanent, sworn officer with the Nebraska State Patrol, rounded to the nearest month. Service credit is determined by an “elapsed time” method. For each year that elapses from your plan entry date you receive one year of service credit and you will also receive a partial year’s credit if your employment terminates in any year before the anniversary of your plan entry date. Credit is not allowed if you do not make retirement contributions; therefore, you will not earn credit if you take leave without pay or are placed on suspension.

The maximum retirement benefit payable is 75% of your final average monthly salary. Therefore, 25 years is the maximum number of years that will apply toward your retirement benefit calculation (25 years x 3% formula factor = 75%).

If you work MORE THAN 25 years, the extra years will not increase your retirement benefit. However, if during those years your salary increases, the final average monthly salary used to calculate your benefit will increase. (See “Retirement Eligibility.”)

Military Service

Credit is allowed for service in the armed forces of the United States if you serve during a declared emergency or were drafted under a federal mandatory draft law. The law states you must have been a member of the Nebraska State Patrol **BEFORE** entering the armed forces and return to the State Patrol **within six months** after an honorable discharge or honorable separation from active duty.

Vesting Credit

Within the first 30 days of employment, you may apply for eligibility and vesting credit for years of participation in another Nebraska governmental

plan as defined by Section 414(d) of the Internal Revenue Code. During the years of participation in another Nebraska governmental plan, you must have been a full-time or a part-time employee.

To apply for vesting credit, request an Application for Vesting form from either the State Patrol Personnel Office or the Retirement Office.

COMPENSATION

At retirement, your three highest 12-month periods of salary reported are used to determine your “final average monthly salary” when calculating your benefit.

“Compensation means gross wages or salaries payable to the member for personal services **performed** during the plan year.”

Compensation **includes** overtime pay, member retirement contributions, and amounts contributed by the member to plans under sections 125, 403(b), and 457 of the Internal Revenue Code.” [§79-902(37)]

Compensation **does not include** insurance premiums converted into cash payments, reimbursement for expenses incurred, fringe benefits, or bonuses for services not actually rendered, including, but not limited to, early retirement inducements, cash awards, and severance pay, except for retroactive salary payments paid pursuant to court order, arbitration, or litigation and grievance settlements. For any officer employed after January 4, 1979, compensation does not include compensation for unused sick leave or unused vacation leave converted to cash payments.

Includes:

- ♦ Overtime pay
- ♦ Member retirement Contributions
- ♦ Wages ordered paid in legal proceedings
- ♦ Plans which defer income:
 - §125 Cafeteria Plans
 - §403(b) – TSAs
 - §457

Does Not Include:

- ♦ Insurance Premiums converted to cash
- ♦ Expense reimbursements
- ♦ Fringe benefits
- ♦ Bonuses (services not rendered)
 - early retirement inducements
 - cash awards
 - severance pay
- ♦ Unused leave converted to cash for officers employed after 1/4/79

LEAVING SERVICE BEFORE RETIREMENT

If you cease employment as a patrol officer before you are eligible to retire, you have the following options:

Deferral

If you have **six or more years of service**, you may elect to defer your retirement benefit until age 50 to 55. If this election is made, you do not have the option of withdrawing your contributions. A deferred benefit is computed as a vested percentage of the retirement benefit.

The vesting percentage is 0% for the first 5 years of service, and 20% each year for years 6 through 10 of completed service thereafter. The maximum of 100% is gained with 10 completed years of service.

In the event of your death during the deferred period, the accumulated value of your contributions at the date of termination, plus regular interest to the date of your death, shall be paid to your beneficiary or estate. No monthly benefit will be provided.

If you have less than six years of service, you are entitled to a lump sum payment of your contributions and interest (refund).

Withdrawal

You may request a refund of your accumulated contributions plus interest if you cease employment as a patrol officer prior to becoming eligible to retire. (See “Retirement Eligibility.”)

If you wish to apply for a refund, you must request an Application for Refund by telephone or in writing from the Retirement Office.

Refunds are issued approximately 60 days after:

- ◆ your last day of work **or**
- ◆ the day your completed application is received in our office, whichever is later.

RETIREMENT ELIGIBILITY

Normal

At age 55, with 10 or more years of service, you are eligible to receive retirement benefits **for your lifetime** using the following formula:

Years of Creditable Service	X	Final Average Monthly Compensation	X	Formula Factor (currently 3%)	=	Monthly Benefit
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Early

You may retire before age 55, but no sooner than age 50, if you have 10 or more years of service. Your benefit will be reduced by:

- ◆ 5/9ths of 1% for each month your age precedes age 55, **or**
- ◆ 5/9ths of 1% for each month your years of service precedes 25 years, whichever provides you the greatest benefit.

You may retire at any age and with no reduction after 30 years of service.

Deferred

If you cease employment **prior** to reaching retirement age, and have six or more years of service, you are eligible for a deferred retirement benefit between ages 50 and 55 using a vesting schedule. (See “Leaving Service Before Retirement.”) The vesting percent is applied after calculating a normal retirement benefit (years of creditable service x final average monthly compensation x formula factor = monthly benefit.)

Mandatory

According to state law, you must retire from the State Patrol at age 60. If, at age 60, you **do not** have 10 years of service, you will be entitled to a benefit based on the years of service you do have; for example, years of creditable service x final average monthly compensation x formula factor = monthly benefit.

Limitation

The maximum benefit, by law, is 75% of final average monthly compensation. “Final average monthly compensation” is defined as the sum of the total compensation during the three 12-month periods of service in which compensation was the greatest, divided by 36. Salary will be counted beginning with the date employment ends. (If a member retires on June 30, NPERS will count back 12 months to July 1 of the previous year and compare that 12-month period with the previous 12-month period to determine the three highest years.)

Federal Law

Nebraska state laws have conformed with the federal law requiring each plan member who is no longer actively employed as a State Patrol Officer to begin retirement payments no later than 60 days after the end of the year he/she reaches age 70 1/2.

NOTE: There are three important points to remember:

1. If you delay taking your retirement benefits, NPERS will calculate your benefit using the age you are when you **apply** for benefits, rather than your age when you actually quit work.
2. At the time you apply for benefits your age is calculated to the nearest month.
3. Benefits are calculated **based on the law in effect** at the time you terminated your employment with the State Patrol.

VERIFICATION OF SERVICE AND SALARY

Your service as a patrol officer and salary for the three highest 12-month periods is verified before a retirement benefit can be determined. Verification is sent to NPERS by the State Patrol Office upon your termination or retirement.

NOTE: NPERS does not have an official record of unused sick and/or annual leave for which you may receive payment when you cease employment. This information is available through the State Patrol Office.

RETIREMENT

The **effective date** of your retirement will be the first day of the month following the *later* of:

- ◆ the date you qualify for retirement, **OR**
- ◆ the date your completed Application for Retirement is received by NPERS.

You can expect your first payment approximately 60 days **after** your effective date of retirement provided all retirement contributions have been remitted and posted to your account. Your benefit payment cannot be processed until all contributions have been reported by the State Patrol Office and posted to your account.

IMPORTANT: Your first payment will be retroactive to your effective date of retirement.

Before You Retire

- ◆ Contact NPERS in writing, by telephone or in person at least **three months** before your anticipated retirement date to avoid unnecessary delays in payment. **Receiving a retirement benefit is not automatic.** When you contact the office indicating you plan to retire, you will be sent an Application for Retirement form.
- ◆ File your Application for Retirement with NPERS no more than 90 days prior to your effective date. You may file your Application for Retirement by mail or in person by making an appointment with the office. Please keep in mind the time frame for a timely filing.
- ◆ The last day you can file your Application for Retirement without losing benefits is the date before your desired effective date of retirement.
- ◆ Verify your age by filing a legible copy of your Certificate of Birth with NPERS.

DEATH BENEFITS

Before Retirement

If your death occurs before retirement, benefits will be calculated as if you had retired under disability. (See “Disability Retirement” for calculation of disability benefit amount.) The following percentages are applied to the death benefit:

- ◆ Your surviving spouse (regardless of the length of time the spouse and member had been married) **and** dependent children under age 19, in your spouse’s care, will receive 100% of your benefit (as calculated for disability retirement) until the youngest dependent child reaches age 19. At that time your spouse’s benefit will be reduced to 75% of your benefit for his/her life or until he/she remarries. Should your spouse remarry or die before the youngest dependent child reaches age 19, your child’s benefit would be reduced to 75% of your benefit until age 19.
- ◆ If there is **no spouse** living at the date of your death (either because of death or divorce), your children under 19, if any, will receive 75% of your benefit until the youngest child attains the age of 19.
- ◆ If there is **more than one child** under age 19 at the date of your death, the benefit will be divided equally among your children.
- ◆ If there are **no children** under age 19 living at the time of your death, your surviving spouse will receive 75% of your benefit for his/her life or until remarriage.
- ◆ If there is **no spouse or children** under age 19, a lump sum payment of your contributions and interest will be paid to your designated beneficiary, or to your estate if you have no designated beneficiary.

NOTE: If you apply for a refund of your account and die before payment is made to you, the beneficiary designation you have on file would be invalid. The refund you requested would be paid to your estate.

After Retirement

If your death occurs after retirement, your regular benefit continues to your spouse and/or children at the same percentages that apply to death before retirement.

Your surviving spouse is eligible to receive benefits only if married to you at the time you retire. If you do not have a spouse or children under 19, your accumulated contributions plus interest would be paid to your beneficiary or estate.

Proof of death is required before payments can be made.

DISABILITY RETIREMENT

If you cease employment with the Nebraska State Patrol because of a disability and you are physically unfit to perform the duties of an officer, you may apply for disability retirement benefits. You must complete an Application for Disability Retirement and be examined by a physician selected by NPERS.

If the Public Employees Retirement Board (PERB) approves your application, the effective date of your disability retirement will be the first day of the month following either the receipt of your completed disability application **or** the date of your last pay, whichever is later.

The PERB may require a medical examination or other information on an annual basis. There is no reduction on disability benefits because of *age*.

The amount of your disability retirement benefit will be determined as follows:

1. If you have 17 years of service or less, the amount of your disability benefit will be 50% of your regular monthly salary at the date you are disabled.
2. If you have more than 17 years of service, the amount of the disability benefit will be calculated using the following formula:

Years of Service	x	Monthly Salary at Date of Disablement	x	Formula Factor (Currently 3%)	=	**Calculated Benefit Amount
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****By law, the calculated benefit amount cannot exceed 75% of the final average monthly salary, which is the maximum benefit for a normal retirement.**

SPOUSAL PENSION RIGHTS ACT

In 1996 the Spousal Pension Rights Act codified the rights of divorced spouses and children to a share of plan members' retirement accounts. To claim this share, proper language must be included in divorce decrees and be qualified by NPERS. For further details refer to Neb. Rev. Stat. §§42-1101 through 42-1113, or call NPERS.

If NPERS pays out benefits or a refund and later receives an order that would have affected the money already paid out, NPERS is legally held harmless for making the earlier payments. [§42-1108] Therefore, whenever a domestic order is signed, it should be sent to NPERS as quickly as possible.

REEMPLOYMENT

If you are reemployed with the Nebraska State Patrol, you may again become a member of the retirement system:

- ◆ You must fill out a new Survivor/Beneficiary Designation Form to name beneficiaries; and
- ◆ You will always maintain your original account number in the system.

IMPORTANT NOTE: The State Patrol informs NPERS of the date you terminate your employer-employee relationship – this is your “termination date.” *If your return to employment is less than 120 calendar days from your termination date, your termination is void and you must repay all monies you have received – whether a refund or annuity payments.*

Assuming you have completed a break of at least *120 calendar days*, the following rules apply to reemployment:

Before Retirement

If you return **before** your retirement (when you are NOT receiving an annuity benefit):

- ◆ If you have not taken a refund, the new service credit you earn will be added to your previous service.
- ◆ If you took a refund, you may repay it. The cost of payment includes the original amount of your refund plus the interest that would have accrued on it if you had not withdrawn your money.
- ◆ If you REPAY your refund, the service credit associated with it will be added to the service credit you earn after you are reemployed when calculating your benefit.
- ◆ If you DO NOT repay your refund, the service credit associated with it has been cancelled and cannot be used to calculate your benefit. Only the service credit you earn after returning to work will be used in your benefit.

After Retirement

If you return **after** retirement (when you are receiving an annuity benefit):

- ◆ You may return to employment and continue to receive your retirement benefit; and
- ◆ If you otherwise meet membership requirements (see “Retirement Eligibility—Mandatory”), you will be treated as a “new employee” and will begin to earn a second retirement benefit in the Patrol Plan.

REPAYMENT OF REFUND

Service credit cancelled due to a refund may be reestablished if the refund is repaid.

If you previously took a refund from the Plan and then return to active employment and want to repay your refund, you may pay this cost using money from the following types of tax-qualified plans:

- ◆ § 401(a) Qualified Retirement Plan [includes a 401(k) plan]
- ◆ § 403 (a) or (b) Tax Sheltered Annuity Account
- ◆ § 457(b) Eligible Deferred Compensation Plan
- ◆ § 408(a) Individual Retirement Account containing only monies from a qualified plan (“Conduit” IRA)
- ◆ Use a trustee-to-trustee transfer from a 457(b) or 403(b) account without a termination of employment.

You may also repay a refund using an irrevocable payroll deduction from your current compensation, or using after-tax funds, making certain the after-tax payment does not exceed certain IRS limitations.

Your cost to repay a refund will include the original amount of the refund plus the interest that would have accrued if the account had not been withdrawn.

Full payment must be received *within five years* of your election to purchase service or prior to termination, whichever comes first. Payment may be made through direct payment, installment payments, an irrevocable payroll deduction or a rollover under certain conditions.

Contact NPERS for information on the cost to repay a refund.

PRERETIREMENT PLANNING PROGRAM

Since 1987 NPERS has conducted statewide preretirement planning seminars for plan members and their spouses. All state patrol officers who are *age 50 or within five years of retiring* are eligible to attend a preretirement seminar.

The one-day seminar is an excellent way to begin planning for an important time in your life. Information is provided on your pension plan, financial planning, social security benefits, Medicare and health insurance, healthy lifestyles, social and psychological adjustments to retirement, and estate planning. Everyone should attend at least one seminar before they retire. If you attend early, you will have time to begin your planning and, if necessary, make adjustments.

Each eligible employee is allowed **leave with pay** to attend **up to two** preretirement planning programs. You may choose to attend a seminar more than twice, but such leave is at your expense and your absence is at the discretion of your employer. You may not attend more than one seminar per fiscal year.

NPERS does not usually schedule *separate* seminars for members of the State Patrol Retirement System. You are welcome to register and attend any preretirement seminar scheduled in your area. A representative will be available to discuss your pension plan with you. For information on seminars scheduled in your area, contact NPERS, or visit our web site at www.nol.org/home/pers.

TAXATION

Your current contributions to retirement are not taxed at the time they are deducted from your salary and remitted to NPERS. This means the taxable income reported on your Form W-2 by the State Patrol Office is reduced by the amount you contribute to retirement.

Contributions made prior to January 1, 1985, were taxed before being deducted from salary. Therefore, when contributions are returned, either in the form of a monthly retirement payment or a refund, members may recover their contributions prior to January 1, 1985, “tax free.”

When Receiving a Retirement Benefit

Your benefit will be taxed based on the “Safe-Harbor” method, as required by the Internal Revenue Service.

NPERS calculates the “tax-free” portion of your monthly retirement check by dividing pre-’85 contributions by the fixed number of payments assigned to your age group by the IRS. For example: 300 payments are used for anyone age 55 or under. The remaining portion of the monthly benefit is “taxable.” After you have received the fixed number of payments assigned, your monthly benefit becomes 100% taxable.

Income tax information will be provided with your initial retirement payment. An IRS Form 1099-R will be sent to you each January for income tax purposes.

When Receiving a Refund of Your Account

An IRS Form 1099-R will be provided to you in January following the year you receive a refund. The form will show the amount of your contributions to retirement, the ordinary income and capital gains. (Contributions after January 1, 1985, will be treated as ordinary income for tax purposes.)

Caution: A refund taken **prior** to age 50 may result in an additional 10% surcharge or tax penalty by the IRS.

You can AVOID the 10% penalty if one of the following applies:

- ◆ The taxable portion of your refund is “rolled over” into an Individual Retirement Account (IRA) or another qualified pension plan within 60 days of the payment date.
- ◆ Payment is made to an alternate payee under a qualified domestic relations order.
- ◆ Your payment is used for large medical expenses.

In the event of death or disability the 10% tax penalty will not apply, regardless of your age.

Income Tax Withholding

Federal law requires income tax withholding from retirement benefit payments **and** refund payments that are not rolled into IRA’s or qualified plans. NPERS will provide you with information on income tax withholding when you apply for a refund or retirement benefit payments.

You may wish to contact the Internal Revenue Service and/or a tax consultant for additional tax information.

DIRECT DEPOSIT

When you retire, you may have your monthly retirement benefit deposited directly with your financial institution. A Direct Deposit Form may be obtained from NPERS or the web site at **www.nol.org/home/pers**. Your first benefit check will be mailed to you directly with the direct deposit taking effect the second month.

COST-OF-LIVING (COLA) PROVISION

Since July 1, 2000, an **annual** cost-of-living adjustment (COLA) is provided for retirees and beneficiaries of the State Patrol Retirement Plan. If, during your retirement, inflation has eroded the value of your original benefit amount to less than 60% of the original purchasing power, your benefit will be adjusted to the equivalent of 60% purchasing power. After you receive this catch-up adjustment, you will thereafter receive a benefit increase based on the annual change in the Consumer Price Index (CPI), but it cannot exceed a maximum adjustment of 2.5%. This means if the CPI is less than 2.5%, you will receive the CPI rate. If the CPI is greater than 2.5%, you will receive a 2.5% COLA increase for the year. [§81-2027.03]

You must be retired for at least one full fiscal year in order to begin receiving the annual COLA. You will be informed annually of the amount of your COLA .

COURT DECISION

As a result of a decision by the Supreme Court in 1982, the calculation of retirement benefits for patrol officers who were hired prior to January 4, 1979, is to include pay for unused annual and sick leave as salary. They will make retirement contributions on that pay, and as a result, receive a larger retirement benefit.

The PERB, based on an Attorney General's Opinion, determined that including the pay for unused annual and sick leave in an officer's salary when calculating benefits, inflated those benefits.

The Supreme Court did not disagree; however, the Court said this change could not apply to patrol officers who were hired by the State Patrol **prior to** the PERB's decision (January 4, 1979).

Following the Supreme Court decision, a judgment by the District Court required the State Patrol Retirement System to pay the attorney fees from the lawsuit. The judgment also said that reimbursement of the attorney fees was to be made to the System at the rate of one percent of

the increase (difference between the benefit as previously calculated and the new benefit) by each retiree receiving the larger benefit. Therefore, those officers hired prior to January 4, 1979, will have a small amount deducted from their retirement benefit each month to repay the System for the attorney fees. (This payment is now complete.)

Any officers hired **after** January 4, 1979, will not have pay for unused annual and sick leave included in their salary for retirement, nor will they make retirement contributions on the additional pay.

APPEALS PROCESS

As a member of the Nebraska State Patrol Retirement System, you have the right of review if you disagree with a decision of the PERB. You must request appropriate appeal forms from NPERS within 30 days after you receive notice of the PERB's decision.

A hearing officer appointed by the PERB will schedule a formal hearing and send written notice to all parties concerned. If you wish to further appeal the decision of the PERB, you are entitled to judicial review under sections 84-917 to 84-919 of the Nebraska Statute, R.R.S. 1943.

The time limits prescribed may be extended at the discretion of the PERB.

EXEMPTION FROM LEGAL PROCESS

Your plan and its assets are exempt from attachment (as in garnishment of wages), and are not assignable (e.g. as loan collateral), except through a qualified domestic relations order (QDRO) in a divorce case, or through an IRS tax lien.

ADMINISTRATION OF THE RETIREMENT FUND

The **Public Employees Retirement Board (PERB)** consists of seven members appointed by the Governor for five-year terms. Three members are active participants in the retirement systems administered by the board. One is a retired participant. Three are at-large members and are not employees of the State of Nebraska or any of its political subdivisions. The State Investment Officer is an ex-officio (non-voting) member of the Board.

The PERB is responsible for the administration of the Judges', State Patrol, School Employees', State Employees' and County Employees' Retirement Systems and the State Deferred Compensation Plan. [Section 84-1501]. Board meetings are normally scheduled on the third Monday of each month.

The **Nebraska Public Employees Retirement Systems (NPERS)** is the agency that carries on the day-to-day administration of the Patrol Plan.

A **Director** is hired by the PERB and directs NPERS in its administration of the various systems.

The **State Treasurer** is the custodian of the funds and securities of the retirement systems.

State Patrol retirement funds are invested by the **State Investment Officer** under the direction of the Nebraska Investment Council.

The Retirement System each year issues a financial statement, available to members upon request, showing the condition of the fund and the various accounts.

Consulting Actuaries, employed by the PERB, conduct actuarial investigations into mortality and service experience of the contributors and beneficiaries, recommend actuarial tables to the PERB, and evaluate the system's assets and liabilities each year. Copies of the annual actuarial report are available upon request.

RELEASE OF INFORMATION

Member account information* will only be released to you under the following conditions:

- ◆ Personal visit to the Retirement Office
- ◆ Adequate proof of identity provided over the phone
- ◆ Written requests
- ◆ Written release signed and dated by member (must be less than six months old)
- ◆ Court ordered release
- ◆ Request from guardian or conservator with proper certified authorization (must be less than three months old)
- ◆ Request from individual holding power of attorney with authorization to receive confidential information

Account information may be released to your employer for verification of necessary information. The Internal Revenue Service may receive account information to comply with federal tax laws. Account information may be released as necessary under a qualified domestic relations order.

*Member account information may include name, address, account balances, beneficiaries, benefit options or payments made to member.

Fax Policy

The following will be honored via facsimile (fax) if signed by the member:

- ◆ Requests for account information
- ◆ Requests for beneficiary listings
- ◆ Requests for benefit estimates
- ◆ Changes in tax withholding

Original NPERS forms are required to process benefits or payments or to change beneficiaries or change of address for payment requests. However, faxed applications for retirement benefits or refunds will be accepted to determine effective date of processing of benefits **if the original form is received within five working days**. Faxed Survivor/Beneficiary Designation forms shall also be accepted with timely receipt of the original form.

E-Mail Policy

General questions about the pension plan and requests for forms may be communicated through e-mail.

At the present time, NPERS does not answer individual account questions by e-mail, they must be a signed written request.

DEFERRED COMPENSATION PLAN

As a state employee you are eligible to participate in the voluntary State Deferred Compensation Plan (DCP).

The plan permits you to “defer” the receipt of a certain amount of your current salary until a later date. The amount you contribute and the earnings in your DCP account are tax-deferred (not subject to federal and state income tax until it is withdrawn). You may defer a minimum of \$25 a month and a maximum per year of \$11,000 (increasing to \$15,000 by 2006). Your deferral is invested at your direction in any combination of the 11 investment funds offered.

When you retire, terminate your employment or qualify under the provisions of disability or death, payment will be made to you or your beneficiaries under one of several options available.

Enrollment is year round. For more information on DCP, contact NPERS or visit the web site at www.nol.org/home/pers.

SOCIAL SECURITY BENEFITS

Since 1947, when the State Patrol Retirement System was established by the Legislature, plan members have not been included in the Social Security system. Consequently, if you work and earn social security credit through other employment, any social security benefit you receive as a result of the other employment **may be** reduced because of the pension you receive from the State Patrol Retirement System.

To be eligible for Medicare, if you were hired by the State Patrol **prior to** July 1986, you must either qualify for social security benefits on your own

or through your spouse if they receive social security benefits. Some patrol retirees must purchase Medicare insurance at a considerable premium since they and their spouses did not qualify for social security retirement benefits through other employment.

However, since July of 1986, new officers with the State Patrol are contributing to Medicare and will have Medicare coverage available to them without having to work and earn social security credits.